

2017

THIRD QUARTERLY REPORT



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China Parenting Network Holdings Limited

中國育兒網絡控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8361



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

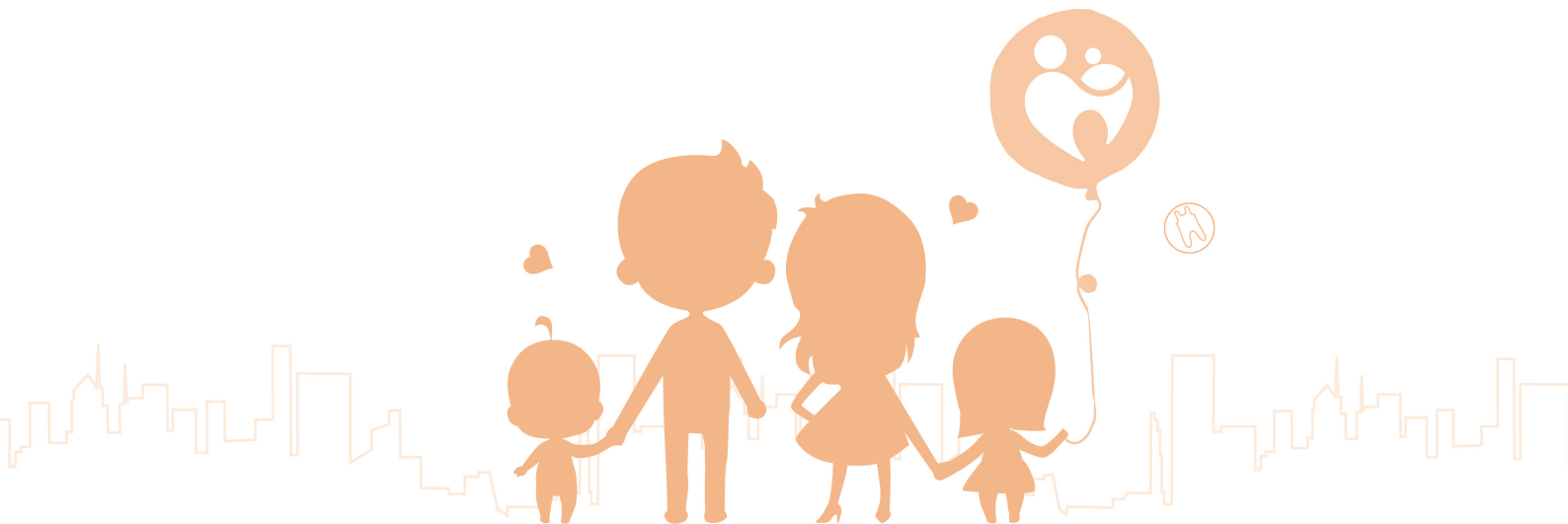
Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of China Parenting Network Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

	Pages
1. Highlights	02
2. Management Discussion and Analysis	03
3. Corporate Governance and Other Information	06
4. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
5. Condensed Consolidated Statement of Changes in Equity	16
6. Notes to the Condensed Consolidated Financial Statements	17



HIGHLIGHTS

	For the nine months ended	
	2017/09/30	2016/09/30
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue	65,775	61,499
Gross profit	57,165	53,159
Profit for the Period	29,529	30,091
Attributable to:		
Owners of the parent	25,715	32,157
Non-controlling interests	3,814	(2,066)

- The Group's revenue for the nine months ended 30 September 2017 (the "Period") was approximately RMB65.8 million, representing an increase of approximately 7.0% over the revenue of approximately RMB61.5 million for the corresponding period in 2016.
- The Group's profit attributable to owners of the parent for the Period was approximately RMB25.7 million, comparing with the profit attributable to the owners of the parent of approximately RMB32.2 million for the corresponding period in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading vertical online platform of the Children-Babies-Maternity (“CBM”) market in China. The Group’s platforms cover services for families ranging from those preparing for new born babies to those with 12 years-old kids. According to third-party platform monitoring data, during the Period, the daily active users (“DAU”) and monthly active users (“MAU”) of the Group’s CI web were 3.75 million and 90.14 million respectively, representing a year-on-year increase of 92.31% and 113.4%; and the DAU and MAU of mobile APPs under the Group reached 2.35 million and 10.59 million respectively, representing a year-on-year increase of 2.62% and 9.06%. During the Period, the Group’s revenue reached RMB65.8 million, representing an increase of 7.0% as compared to corresponding period of last year. The increase in revenue was mainly attributed to the rapid development in CBM industry which created a large demand for online advertising of CBM products. The enhanced user traffic and reputation of the Group encouraged customers to put more budgets in brand display.

Driven by two-child policy, along with the higher family income level and the changing consumption structure, the CBM expenditure in China was expected to increase more than RMB30 billion on an annual basis, which could at least lead to a growth rate of about 13% in the industry. Also, with the development of internet technology and changes of user behavior, the industrial boundary of mother-child continues to expand, and application scenarios together with traffic entrance will become broader. The Group has grasped the opportunities and continued to promote smart family lifestyle. Introducing through families, it extended traditional simple mother-child services to broader areas including finance, health care, tourism, insurance, early childhood education and family entertainment. During the Period, the Group has gone through multidimensional expansion via product, branding and channel.

The Group has also joint hands with well-known social media and business platforms to investigate and release research reports such as “The Children-Babies-Maternity population research report 2017” during the Period. The new CBM generation’s lifestyle, media usage behaviour, consuming behaviour and medical treatment etc, can be well-pictured based on the in-depth big data analysis in the reports, so as to discover current consumers’ needs.

During the Period, the Group keeps exploring and developing the content, continuously producing original content while striving for expansion via more corporations with social media such as well-known E-commerce agencies, television media and video broadcasting platforms, forming an extremely influential mother-child media alliance. As a result, the Group can provide more diverse and all-round services with better quality to customers and eventually enhance the influential power of the Group.

Due to the fact that the CBM generation demands for a higher degree of professionalism and reliability of intellectual information, during the Period, the Group has integrated parents’ needs of exchanging parenting tips and communication into users services. It has also joint hands with more qualified professional organisations and experts to provide seminars and advisory services, so as to optimise its existing products.

During the Period, the Group actively involved in the 17th “CBME China CBM Exhibition” (“CBME”) (CBME中國孕嬰童展). Being a long-term strategic cooperative partner of CBME in China, the Group has brought its famous mother-child product catalog “Mummy, you should buy” to the exhibition. “Mummy, you should buy” covers all categories of mother-child products; through the majority’s verbal and voting recommendations, it has now become a popular consumption guide among novice mothers. A voting event was also held in CBME 2017. By all-round visual-auditory interaction and physical experience, the power of word-of-mouth among mothers can be witnessed while the brand value can be interpreted. Since such voting event has already been receiving positive feedbacks over the past 2 years; therefore, the book, “Mummy, you should buy: wise consumption guide”, has been published by assembling the voting results from CBME 2016 and was exhibited in CBME this year.

During the Period, the application for the proposed transfer of listing of the shares of the Company from GEM to the main board of Stock Exchange pursuant to Chapter 9A of the Listing Rules (“Transfer of Listing”) submitted by the Company has expired, thus the Company resubmitted the application for Transfer of Listing on 10 October 2017. The board of the Company (“Board”) would like to emphasise that the definitive timetable for the Transfer of Listing has yet to be finalised. Further announcement(s) will be made by the Company to keep the shareholders and potential investors of the Company informed on the progress of the Transfer of Listing as and when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 7.0% from approximately RMB61.5 million for the nine months ended 30 September 2016 to approximately RMB65.8 million for the Period, primarily due to rapid development in CBM industry which created a large demand for online advertising of CBM products and the enhanced traffic and reputation of users encouraged customers to put more budgets in brand displaying on the platform.

Cost of sales

The Group's cost of sales increased by approximately 3.6% from approximately RMB8.3 million for the nine months ended 30 September 2016 to approximately RMB8.6 million for the Period, primarily due to the increase in the salaries and welfares driven by the annual adjustment of the salary in January 2017 .

Gross profit and gross profit margin

The Group's gross profit increased by approximately 7.5% from approximately RMB53.2 million for the nine months ended 30 September 2016 to approximately RMB57.2 million for the Period. The Group's gross profit margin increased from approximately 86.5% to approximately 86.9% during the same period primary due to the growth of the Group's revenue and termination of sales of goods with lower gross profit in the second quarter of 2016.

Other income and gains

Other income and gains increased by approximately 97.2% from approximately RMB3.6 million for the nine months ended 30 September 2016 to approximately RMB7.1 million for the Period, primarily due to the government grants provided by the local government as development support funds, and the interest income from purchase of certain financial products.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 27.1% from approximately RMB5.9 million for the nine months ended 30 September 2016 to approximately RMB7.5 million for the Period, primarily due to the increased salary level of employees in the market department and customer service department as well as the number of employees.

Administrative expenses

Administrative expenses increased by approximately 12.3%, from approximately RMB8.1 million for the nine months ended 30 September 2016 to approximately RMB9.1 million for the Period, primarily due to legal and professional expenses incurred from preparation for transfer listing from GEM to main board of the Stock Exchange and the increased salary level of employees.

Research and development costs

Research and development costs increased by approximately 14.2%, from approximately RMB11.3 million for the nine months ended 30 September 2016 to approximately RMB12.9 million for the Period, primarily attributable to increase in the salaries and welfares of staff in research and development department since January 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

The Group's income tax expense increased by approximately 209.1% from approximately RMB1.1 million for the nine months ended 30 September 2016 to approximately RMB3.4 million for the Period, primarily attributable income tax expense incurred by Nanjing Xibai in 2017 with preferential income tax rate of 12.5% (2016: 0%).

Profit for the Period

As a result of the factors described above, the Group's net profit decreased by approximately 2.0% from approximately RMB30.1 million for the nine months ended 30 September 2016 to approximately RMB29.5 million for the nine months ended 30 September 2017.

Dividends

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2017 (nine months ended 30 September 2016: Nil).

Trade payables

The trade payables are non-interest-bearing and are normally settled within terms of 30 to 120 days. The aging of trade payables as at the end of the reporting period is all within three months based on the invoice date.

Capital commitments

The Group did not have any capital commitments as at 30 September 2017 and 31 December 2016.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 30 September 2017, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Director	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Ms. Li Juan ⁽¹⁾	Interest in a controlled corporation	409,200,000	
	Interest of concert party	120,000,000	
	Total:	529,200,000	51.60%
Mr. Wu Haiming ⁽¹⁾	Interest of spouse	529,200,000	51.60%
Mr. Cheng Li ⁽²⁾	Interest in a controlled corporation	120,000,000	
	Interest of concert party	409,200,000	
	Total:	529,200,000	51.60%
Mr. Zhang Lake Mozi ⁽³⁾	Interest in a controlled corporation	57,000,000	5.56%

Notes:

- (1) Each of Loyal Alliance Management Limited ("Loyal Alliance") and Prime Wish Holdings Limited ("Prime Wish") is directly and wholly owned by Ms. Li Juan, who is therefore deemed to be interested in all the shares held by each of Loyal Alliance and Prime Wish. Ms. Li Juan and Mr. Cheng Li entered into a concert party agreement dated 19 June 2015, and are therefore deemed to be interested in the interests of each other. Mr. Wu Haiming, a non-executive Director, is the spouse of Ms. Li Juan, and therefore deemed to be interested in the interests of Ms. Li Juan.
- (2) Victory Glory Holdings Limited ("Victory Glory") is directly and wholly owned by Mr. Cheng Li, who is therefore deemed to be interested in all the shares held by Victory Glory. Ms. Li Juan and Mr. Cheng Li entered into a concert party agreement dated 19 June 2015, and are therefore deemed to be interested in the interests of each other.
- (3) Sharp Knight Limited ("Sharp Knight") holds the shares as trustee for and on behalf of 中誠馬(北京)投資顧問有限公司 (Zhongchengma (Beijing) Investment Consultation Company Limited*) ("Beijing Zhongchengma"), which is wholly owned by Ms. Wang Rong, the spouse of Mr. Zhang Lake Mozi, an executive Director. Sharp Knight is directly and wholly owned by Mr. Zhang Lake Mozi, who is therefore deemed to be interested in all the shares held by Sharp Knight. Mr. Zhang Lake Mozi and Ms. Wang Rong are therefore deemed to be interested in the interests of each other.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS IN OTHER MEMBERS OF THE GROUP (LONG POSITION)

Name of Director	Name of Subsidiary	Nature of Interest	Approximate Percentage of Shareholding
Ms. Li Juan ⁽¹⁾	Nanjing Xihui Information Technology Company Limited* (南京矽滙信息技術有限公司) (“Nanjing Xihui”) ⁽²⁾	Beneficial owner	85%
	Nanjing Xinchuang Micro Machinery and Electronic Technology Company Limited* (南京芯創微機電技術有限公司) (“Nanjing Xinchuang”) ⁽²⁾	Beneficial owner	85%
Mr. Wu Haiming ⁽¹⁾	Nanjing Xihui ⁽²⁾	Interest of spouse	85%
	Nanjing Xinchuang ⁽²⁾	Interest of spouse	85%
Mr. Cheng Li	Nanjing Xihui ⁽²⁾	Beneficial owner	15%
	Nanjing Xinchuang ⁽²⁾	Beneficial owner	15%

Notes:

(1) Mr. Wu Haiming, a non-executive Director, is the spouse of Ms. Li Juan, and therefore deemed to be interested in the interests of Ms. Li Juan.

(2) Pursuant to the contractual arrangement, each of Nanjing Xinchuang and Nanjing Xihui is deemed to be a wholly owned subsidiary of the Company.

Save as disclosed above, as at 30 September 2017, none of the Directors nor chief executives of the Company held an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or were recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 September 2017, the following persons (not being Directors or chief executives of the Company) have or be deemed or taken to have interests and/or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Loyal Alliance ⁽¹⁾⁽⁶⁾	Beneficial owner	193,200,000	18.84%
Prime Wish ⁽¹⁾	Beneficial owner	216,000,000	21.06%
Victory Glory ⁽²⁾	Beneficial owner	120,000,000	11.70%
Properous Commitment ⁽³⁾	Beneficial owner	51,600,000	5.03%
TMF Trust (HK) Limited ⁽³⁾	Trustee	51,600,000	5.03%
Winner Zone ⁽³⁾⁽⁴⁾	Trustee	104,400,000	10.18%
Ms. Guo Minfang ⁽⁴⁾	Interest in a controlled corporation	104,400,000	10.18%
Shanghai AMVC Culture Investment Management Center (a Limited Partnership)* (上海早鳥文化投資管理中心(有限合夥)) ⁽⁴⁾	Beneficiary of a trust	104,400,000	10.18%
Shanghai AMVC Investment Management Center (a Limited Partnership)* (上海早鳥投資管理中心(有限合夥)) ⁽⁴⁾	Interest in a controlled corporation	104,400,000	10.18%
Sharp Knight ⁽⁵⁾	Trustee	57,000,000	5.56%
Ms. Wang Rong ⁽⁵⁾	Interest of spouse	57,000,000	5.56%
Beijing Zhongchengma ⁽⁵⁾	Beneficiary of a trust	57,000,000	5.56%

Notes:

- (1) Each of Loyal Alliance and Prime Wish is directly and wholly owned by Ms. Li Juan.
- (2) Victory Glory is directly and wholly owned by Mr. Cheng Li.
- (3) Properous Commitment is directly held by TMF Trust (HK) Limited, a professional trustee engaged by the Company for the operation of the Share Award Plan.
- (4) Winner Zone, solely owned by Ms. Guo Minfang, holds the shares as trustee for and on behalf of Shanghai AMVC Culture Investment Management Center (a Limited Partnership) (上海早鳥文化投資管理中心(有限合夥)), the general partner of which is Shanghai AMVC Investment Management Center (a Limited Partnership) (上海早鳥投資管理中心(有限合夥)) which is in turn held as to 25% by Ms. Guo Minfang and 50% by Ms. Cao Qiongmeng.
- (5) Sharp Knight holds the shares as trustee for and on behalf of Beijing Zhongchengma, which is wholly owned by Ms. Wang Rong, the spouse of Mr. Zhang Lake Mozi, an executive Director. Sharp Knight is directly and wholly owned by Mr. Zhang Lake Mozi, who is therefore deemed to be interested in all the shares held by Sharp Knight. Mr. Zhang Lake Mozi and Ms. Wang Rong are therefore deemed to be interested in the interests of each other.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (6) As disclosed in the Prospectus of the Company, Ms. Li Juan and Mr. Cheng Li, the controlling shareholders of the Company, have undertaken to maintain shareholding interests of not less than 51% in the Company. In view of the dilution effect when the over-allotment option is exercised, Loyal Alliance, which is wholly-owned by Ms. Li Juan, has purchased a total of 19,200,000 shares from investors before the exercise of the over-allotment option in order to maintain shareholding interests of not less than 51% in the Company.

Save as disclosed above, as at 30 September 2017, the Directors were not aware of any other persons who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 19 June 2015 (the "Share Option Scheme") for the purpose of providing incentive or rewarding eligible persons (including director or employee (whether full time or part time), consultant or advisor of the Group) for their contribution to, and continuing efforts to promote the interests of the Group and for such other purposes as the Board may approve from time to time. No share option has been granted under the Share Option Scheme since its adoption by the Company.

The Share Option Scheme became effective on the date of the Company's listing (i.e. 8 July 2015) (the "Listing Date") and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the nine months ended 30 September 2017 was any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or was any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Period.

NON-COMPETITION UNDERTAKINGS

The controlling shareholders of the Company, namely Ms. Li Juan, Mr. Cheng Li, Mr. Wu Haiming, Loyal Alliance Management Limited, Prime Wish Holdings Limited and Victory Glory Holdings Limited (the "Controlling Shareholders") have entered into a deed of non-competition (the "Deed of Non-competition") on 19 June 2015. Details of the Deed of Non-competition are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus and the non-competition undertaking has become effective from the Listing Date. So far as the Directors are aware, as at the date of this report, the Controlling Shareholders have not breached any terms under the Deed of Non-competition.

SHARE AWARD PLAN

The Board has adopted a share award plan (the "Plan") on 6 July 2016 so as to recognize and appreciate the contribution of any qualified employees towards the growth and development of the Group. On 8 September 2016, Mr. Hsieh Kun Tse, the non-executive Director of the Company, had transferred the entire issued share capital of Properous Commitment Holdings Limited ("Properous Commitment") which in turn holds 51,600,000 shares in the Company, to TMF Trust (HK) Limited, the trustee, at nil consideration. The trustee holds on trust the award shares for the benefit of the selected employees in accordance to the terms of the trust deed, until such award shares are vested in the relevant selected employees in accordance with the Plan. For details of the Plan, please refer to the announcements of the Company dated 7 July 2016 and 14 July 2016. To the best knowledge of the Directors, as at the date of this report, both Properous Commitment and TMF Trust (HK) Limited have complied with the terms of the trust deed.

As at the date of this report, no Shares have been granted to qualified employees under the Plan.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH QUALIFICATION REQUIREMENTS AND CONTRACTUAL ARRANGEMENT

The Group's primary business is considered to be value-added telecommunications service, a sector where foreign investment is subject to significant restrictions under the current PRC laws and regulations. Accordingly, with the restriction of the current PRC laws and regulations and the implementation of local competent authorities, the Company cannot acquire Nanjing Xihui and Nanjing Xinchuang, which hold certain licenses and permits required for the Company's primary business. As a result, the Group entered into a series of contractual arrangement with Nanjing Xihui and Nanjing Xinchuang and their respective registered shareholders (the "Contractual Arrangement") in order to conduct the said business, and to assert management control over the operations of and enjoy the economic benefits derived from Nanjing Xihui and Nanjing Xinchuang. For details of the Contractual Arrangement, please refer to the section headed "Contractual Arrangement" of the Prospectus.

In addition, under the current PRC laws and regulations, a foreign investor intending to acquire any equity interest in a value-added telecommunications business in the PRC must also demonstrate a good track record and possess operating experience in providing value-added telecommunications services overseas ("Qualification Requirements").

So far as the Directors are aware, as at the date of this report, the Company has taken all reasonable steps to ensure that such Qualification Requirements are met if and when the PRC laws and competent authorities substantially allow foreign investors to invest in value-added telecommunications services in the PRC. The Company will continue to communicate with the relevant governmental authorities and provide updates where necessary.

COMPETING INTERESTS

So far as the Directors are aware, as at the date of this report, none of the Directors or the Controlling Shareholders and their respective close associate has any interests in a business which competes or may compete with the business of the Group or have any other conflict of interests with the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS OF THE COMPLIANCE ADVISER

As disclosed in announcements of the Company on 25 January 2017 and 26 January 2017, the Company has terminated the compliance adviser agreement with China Everbright Capital Limited (“China Everbright Capital”) with effect from 31 January 2017 (the “Termination”). Save and except for the compliance adviser agreement entered into between the Company and China Everbright Capital dated 16 February 2015, during 1 January 2017 to 31 January 2017, neither China Everbright Capital nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules on or prior to the Termination.

The Company has appointed Innovax Capital Limited (“Innovax Capital”) as the new compliance adviser as required pursuant to Rule 6A.27 of the GEM Listing Rules with effect from 1 February 2017 until the date, pursuant to Rule 6A.19 of the GEM Listing Rules, on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the Company’s financial results for the second full financial year commencing after the date of initial listing of the Company (being the financial year ended 31 December 2017), or until the compliance adviser agreement entered into between the Company and Innovax Capital is terminated in accordance with its terms, whichever is earlier. Innovax Capital Limited is a licensed corporation to carry out Type 1 (Dealing in securities) and Type 6 (Advising on corporate finance) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

During 1 February 2017 to 30 September 2017, save and except for the compliance adviser agreement entered into between the Company and Innovax Capital, neither Innovax Capital nor its directors and employees involved in providing advice to the Company or their close associates had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company’s annual reports and accounts, half-yearly reports and quarterly reports, the financial reporting, risk management and internal control systems of the Group and to provide advice to the Board. The Audit Committee consists of two independent non-executive Directors, namely Mr. Wu Chak Man (chairman of the committee) and Mr. Ge Ning, and one non-executive Director, namely Ms. Li Juan. The Audit Committee has reviewed the unaudited quarterly results of the Group for the Period and this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Directors, the Company had complied with all the code provisions as set out in the CG Code during the Period.

By order of the Board

China Parenting Network Holdings Limited

Cheng Li

Executive Director and Chief Executive Officer

Nanjing, China, 10 November 2017

As at the date of this report, the executive Directors are Mr. Cheng Li, Mr. Hu Qingyang and Mr. Zhang Lake Mozi; the non-executive Directors are Mr. Wu Haiming, Ms. Li Juan and Mr. Hsieh Kun Tse; and the independent non-executive Directors are Mr. Wu Chak Man, Mr. Zhao Zhen and Mr. Ge Ning.

* for identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

THIRD QUARTERLY RESULTS (UNAUDITED)

The Board is pleased to report the unaudited quarterly results and the unaudited condensed consolidated financial statements of the Group for the Period, together with the comparative figures for the corresponding period in 2016. These results have been reviewed by the Company's audit committee, comprising all of the independent non-executive Directors and non-executive Directors, with one of the independent non-executive Directors chairing the audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
REVENUE	3	19,927	21,046	65,775	61,499
Cost of sales		(3,237)	(1,748)	(8,610)	(8,340)
Gross profit		16,690	19,298	57,165	53,159
Other income and gains	3	1,014	172	7,113	3,634
Other expenses		–	–	(1,810)	–
Administrative expenses		(2,644)	(2,841)	(9,074)	(8,111)
Selling and distribution expenses		(1,855)	(1,968)	(7,476)	(5,896)
Research and development costs		(3,527)	(3,483)	(12,947)	(11,304)
Finance costs		(24)	(91)	(68)	(330)
PROFIT BEFORE TAX		9,654	11,087	32,903	31,152
Income tax expense	4	(998)	(165)	(3,374)	(1,061)
PROFIT FOR THE PERIOD		8,656	10,922	29,529	30,091
OTHER COMPREHENSIVE INCOME					
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		(3,648)	1,326	(9,047)	5,070
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,008	12,248	20,482	35,161

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Profit attributable to:					
Owners of the parent		9,193	11,560	25,715	32,157
Non-controlling interests		(537)	(638)	3,814	(2,066)
		8,656	10,922	29,529	30,091
Total comprehensive income attributable to:					
Owners of the parent		5,545	12,886	16,668	37,227
Non-controlling interests		(537)	(638)	3,814	(2,066)
		5,008	12,248	20,482	35,161
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted For profit for the Period (expressed in RMB per share)	5	0.0090	0.0113	0.0251	0.0314

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent							Total	Non-controlling interests	Total
	Share capital	Treasury Shares	Share premium	Reserves funds	Other reserve	Exchange fluctuation reserve	Retained profits			
At 1 January 2017	8,094	(4)	224,688	12,184	16,842	25,664	70,231	357,699	(4,857)	352,842
Profit for the Period	-	-	-	-	-	-	25,715	25,715	3,814	29,529
Other comprehensive expense for the Period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(9,047)	-	(9,047)	-	(9,047)
Total comprehensive income for the Period	-	-	-	-	-	(9,047)	25,715	16,668	3,814	20,482
Appropriation to statutory reserves	-	-	-	2,396	-	-	(2,396)	-	-	-
Cancellation of shares	(4)	4	-	-	-	-	-	-	-	-
At 30 September 2017 (unaudited)	8,090	-	224,688	14,580	16,842	16,617	93,550	374,367	(1,043)	373,324
At 1 January 2016	8,097	-	226,286	6,994	16,842	13,606	30,554	302,379	(1,946)	300,433
Profit for the Period	-	-	-	-	-	-	32,157	32,157	(2,066)	30,091
Other comprehensive income for the Period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	5,070	-	5,070	-	5,070
Total comprehensive income for the Period	-	-	-	-	-	5,070	32,157	37,227	(2,066)	35,161
Appropriation to statutory reserves	-	-	-	2,922	-	-	(2,922)	-	-	-
At 30 September 2016 (unaudited)	8,097	-	226,286	9,916	16,842	18,676	59,789	339,606	(4,012)	335,594

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Parenting Network Holdings Limited (“the Company”) was incorporated in the Cayman Islands on 13 October 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 July 2015 (the “Listing Date”). Ms. Li Juan, Mr. Cheng Li, Mr. Wu Haiming, Loyal Alliance Management Limited, Prime Wish Holdings Limited and Victory Glory Holdings Limited are the Company’s Controlling Shareholders.

The principal activity of the Company is investment holding. The Group is an online platform focusing on the Children-Babies-Maternity market in China and are mainly engaged in provision of marketing and promotional service and e-commerce business. There has been no significant change in the Group’s principal activities during the Period.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the Period has been prepared in accordance with International financial Reporting Standards (“IFRS”) which comprise all standards and interpretations approved by the International Accounting Standards Board, and applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 December 2016. The unaudited condensed consolidated financial information have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

These financial statements are presented in RMB, and all values are rounded to the nearest thousand except when otherwise indicate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the value of services rendered and the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of revenue, other income and gains is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Revenue				
Marketing and promotional service	19,870	20,882	65,313	58,716
E-commerce	57	164	462	415
Sale of goods*	–	–	–	2,368
	19,927	21,046	65,775	61,499
Other income				
Government grants**	701	–	5,087	2,451
Bank interest income	206	105	401	409
Other interest income	–	–	1,200	440
Exchange gain	107	66	425	32
Other income	–	1	–	302
	1,014	172	7,113	3,634

* The group began to engage in sale of imported good, milk powder, since November 2015 in China but no longer engaged thereof in the second quarter of 2016 due to intense competition and low gross profit.

** Government grants were received from the government of the Mainland China mainly to encourage the Group's effort on development and innovation or as listing incentives. There are no unfulfilled or contingencies relating to the grants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Pursuant to the rules and regulations of the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the BVI.

Under the relevant income tax law, the Mainland China subsidiaries are subject to income tax at a statutory rate of 25% on their respective taxable income. Xibai (Nanjing) Information Technology Company Limited (“Nanjing Xibai”) and Nanjing Xile Information Technology Company Limited (“Nanjing Xile”) have been recognized as software enterprises on 27 May 2016 and filed in local tax bureau. Therefore, Nanjing Xibai would be exempted from income tax for its first two profitable years (i.e. 2015 and 2016) followed by a preferential income tax rate of 12.5% from 2017 to 2019. Nanjing Xile would be exempted from income tax for its first two profitable years (i.e. 2017 and 2018) followed by a preferential income tax rate of 12.5% from 2019 to 2021.

The income tax expenses of the Group are analyzed as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Group:				
Current — Mainland China	998	165	3,374	1,061
Total tax charge for the Period	998	165	3,374	1,061

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the respective profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 1,025,662,000 (2016: 1,026,500,000) in issue during the three months and nine months ended 30 September 2017 and 2016. The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2017 (nine months ended 30 September 2016: Nil).

There were no potentially dilutive ordinary shares in issue during the three months and nine months ended 30 September 2017 and 2016, and therefore the diluted earnings per share amount is equivalent to the basic earnings per share.

The calculations of basic and diluted earnings per share are based on:

	For the three months ended 30 September		For the nine months ended 30 September	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Profit attributable to ordinary equity holders of the parent (RMB'000)	9,193	11,560	25,715	32,157
Weighted average number of ordinary shares in issue	1,025,662,000	1,026,500,000	1,025,662,000	1,026,500,000
Basic and diluted earnings per share (expressed in RMB per share)	0.0090	0.0113	0.0251	0.0314